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UNITED STATES CIVIL SERVICE COMMISSION

BUREAU OF RETIREMENT AND INSURANCE

WASHINGTON, D.C. 20415

IN REPLY PLEASE REFER TO

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YOUR REFERENCE

AUG 14 1964

[Redacted]  
President  
Government Employees Health Ass'n.  
P. O. Box 463  
Washington 4, D. C.

10 [Redacted] 8/19/64

STAT

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Dear [Redacted]

Enclosed is a copy of a proposed revision of the Health Benefits Regulations and an explanation of them. The revision will be published in the Federal Register as proposed rulemaking in a few days. Interested parties will have 30 days from publication in which to submit comments. Those proposed changes which are finally adopted will be effective November 1, 1964, the start of the next contract term.

You will note that many of the proposed changes were submitted to you for comment initially on March 13, 1964, when we sent you our preliminary proposals on regulation changes. The comments you sent us were carefully considered in making the enclosed final recommendations to the Commissioners for revision in the Regulations.

We welcome any additional comments you may have on these proposed regulation changes and would appreciate their receipt within the 30 days allowed for comment.

Sincerely yours,

*Andrew E. Ruddock*

Andrew E. Ruddock  
Director

Aug 18 12 21 PM '64

Enclosure

THE MERIT SYSTEM—A GOOD INVESTMENT IN GOOD GOVERNMENT

Explanation

In the draft regulations deletions from present text are shown in [brackets], new material is underlined. (Section heads, paragraph heads, and words which have been italicized in previous publications also are underlined.) In addition to the substantive changes explained below, several minor clarifying changes are proposed.

In section 890.101(a)(3), an obsolete reference to the enrollment of a female with a family including a nondependent husband is eliminated.

In section 890.102(c)(2), the statement regarding cooperative work-study trainees is modified to provide for the possibility of Schedule B appointment of this class of employees.

One amendment to section 890.102(c) will permit Post Office Department TAPERS<sup>1/</sup> to become enrolled. TAPERS of other departments already have that right. The remainder of the paragraph is renumbered.

As to section 890.103(c), paragraph (2) is intended to permit the Commission to retroactively or prospectively correct gross inequities, as for example where divorced parents happen to both enroll for self and family in the same plan to protect their children. Paragraph (3) is intended to permit an enrollee to transfer from a closed-panel plan when the doctor-patient relationship has been impaired to the extent that it precludes furnishing adequate medical care. We anticipate, based on the infrequency of such cases in the past, that both proposed subsections (2) and (3) will be used only rarely.

<sup>1/</sup> TAPERS refer to employees who are Temporarily Appointed Pending Establishment of a (civil service) Register.

A provision requiring notice to the employing office and the employee of any termination by the carrier has been added to section 890.201(a)(2). This provision has been standard in employee organization contracts.

Section 890.201(a)(5) is modified by striking the requirement that carriers provide brochures because official brochures are provided by the Government.

A specific date of a termination seldom coincides with the last day of the pay period for all enrollees in the plan. The provision incorporated as section 890.201(a)(9), now contained in most contracts, provides a practical means for continuing enrollments in a terminated plan until each individual employee's or annuitant's enrollment in his new plan becomes effective and at the same time obviates the need for pro-rating the individual subscription charges for the payroll period within which the contract terminates.

The Commission has not yet acted on a still-pending change published in the Federal Register of June 5, 1964, which if promulgated would rescind section 890.202(e) and add a new section 890.203(a) governing advertising and solicitation.

Section 890.203(b) has been amended so as to permit an additional two months for proposal of changes in subscription charges. The advantage of another two months' experience in fixing rates is obvious, and the new time limit is the latest which permits revision and distribution of schedules of subscription charges.

Section 890.301(a) is amended to eliminate the 6-pay period wait for substitute postal employees originally asked for by the Post Office Department (but no longer considered necessary) to reduce paperwork in cases of new substitutes who quit after working only a few pay periods.

Section 890.301(d) is amended to eliminate the regulations which provided for the 1963 open season.

The amendment to section 890.301(g) permits (1) an employee covered as a family member to enroll in his own right when he loses coverage under his parent's enrollment at age 21 and (2) continued enrollment for annuitants who are able to put together five years of coverage either as enrollees or member of family, in any order.

The amendment to section 890.301(h) allows a person who leaves the full service area of a comprehensive plan to change his enrollment to another plan at any time after the move. Also eliminates (by omission) the restriction against changing from self only to family enrollment in such a case. The former time limit of 31 days after the move has proved unnecessarily restrictive.

Section 890.301(j) is rewritten for clarity and to give an employee retiring overseas the right to elect family coverage. This gives him the same right as an employee returning from overseas to retire, except for the right of initial enrollment.

The amendment to section 890.301(k) eliminates (by omission) the restriction against changing from self-only to family enrollment when transferring from a discontinued plan or option and adds a provision for the treatment of enrollments of persons who fail to change within the time set.

Section 890.301(1) is proposed to be amended so as to change the registration age from 21 back to 19, which is believed to be the most common termination age in nonfederal plans. This provision is intended to give a young employee a chance to enroll at the time his coverage under his parent's nonfederal plan ceases. The original age was set at 19. It was changed to 21 on the enactment of P.L. 88-284, but a young Federal employee who loses coverage under his parent's enrollment in the Federal Program at 21, can enroll in his own right under section 890.301(g).

Section 890.301(r) is revised by dropping subparagraph (1), which has been executed, and by changing the date in former subparagraph (2), which becomes the full paragraph, to December 31, 1964, as required by Public Law 88-284.

Section 890.302 is renumbered because of a prior deletion of paragraph (b) pertaining to dependent husbands.

The amendment to section 890.303(a) carries out the intent of P.L. 88-284.

The change in section 890.303(b) is required by the elimination of former subparagraph 890.102(c)(3).

The addition of section 890.303(e) precludes the possibility of extending the 365-day period of free coverage by a nominal return to pay status.

The change in section 890.304(a)(4) flows from that in section 890.303(e).

The elimination of former subparagraph 890.304(a)(5) is part of the

change pertaining to substitutes in the postal field service. Based on the Post Office Department's representations, and with the protection afforded by the addition of section 890.303(e), we do not expect any adverse results.

Section 890.306(a) is modified so as to eliminate any special effective date when open seasons are provided.

Occasionally an employee enrolls for a family enrollment when he has no eligible family members or fails to change from family to self-only when there are no longer any eligible family members. Both he and the Government have paid for coverage he did not have. The amendment to section 890.306(b) gives the employing office authority to correct the situation.

A provision for the effective date of an annuitant's change to lower cost enrollment has been added as section 890.306(c).

The elimination of section 890.306(d)(2) is part of the change affecting substitutes in the postal field service.

Section 890.401(b)(2) is amended to include a requirement present in all contracts.

Section 890.502(c) is added to parallel the similar provision with respect to Government contribution. It does not change the existing method of determining withholding.